

Fiscal 2003

Interim Flash Report (consolidated)

November 21, 2002

Listed Company Name: Nihon Inter Electronics Corp.

(URL: <http://www.niec.co.jp>)

TSE Code No: 6974

Listed exchange: Tokyo

Head Office Location

Kanagawa Prefecture

Officer in charge of enquiries: General Manager of Accounting

Name: Yoichiro Sugita

Phone: (0463) 84 - 8015

Accounts Settlement Board of Directors Meeting: May 22, 2002

Parent Company Name - (TSE Code No. : -)

Ratio of stock held by parent company: - %

United States accounting standards: Not applied

1. Consolidated results for the six months ended Sep. 30, 2002

(1) Consolidated business results

Note: Stated figures are rounded down to the nearest million

	Net sales		Operating income (loss)		Recurring profit (loss)	
	¥ million	%increase (decrease)	¥ million	%increase (decrease)	¥ million	%increase (decrease)
Six months ended Sep. 30, 2002	13,204	13.0	733		331	-
Six months ended Sep. 30, 2001	11,687	-29.9	-52		-387	-
Year ended March 31, 2001	22,876		-26		-260	

	Net income (loss)		Net income (loss) per share	Net income per share after adjustment for shares, undiluted
	¥ million	%increase (decrease)	¥	¥
Six months ended Sep. 30, 2002	129	-	4.32	-
Six months ended Sep. 30, 2001	-1,391	-	-46.17	-
Year ended March 31, 2001	-1,662		-55.17	-

Note:

* Equity method investment gain (loss) Six months ended Sep. 30, 2002: - ; Six months ended Sep. 30, 2001: - ; Year ended March 31, 2002: -

** Average number of shares (consolidated)

Six months ended Sep. 30, 2002: 30,119,486

Six months ended Sep. 30, 2001: 30,128,656

Year ended March 31, 2002: 30,126,973

*** Changes to accounting methods: none

**** Percentages appended to net sales, operating income, recurring profit, and net income are the rate of increase (decline) compared with the same period of the previous year.

(2) Consolidation financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	¥ million	¥ million	%	¥
Six months ended Sep. 30, 2002	27,276	8,025	29.4	266.48
Six months ended Sep. 30, 2001	28,338	8,116	28.6	269.39
Year ended March 31, 2001	27,045	7,918	29.3	262.88

Note:

* No. of issued shares at period-end (consolidated)

Six months ended Sep. 30, 2002: 30,116,463

Six months ended Sep. 30, 2001: 30,127,989

Year ended March 31, 2002: 30,123,088

(3) Consolidated cash flows

	Cash generated by (used in) operating activities	Cash generated by (used in) investment activities	Cash generated by (used in) financing activities	Cash and cash equivalents balance at period-end
	¥ million	¥ million	¥ million	¥ million
Six months ended Sep. 30, 2002	2395	-312	-1,542	2,204
Six months ended Sep. 30, 2001	-31	-1,139	378	994
Year ended March 31, 2001	-1,080	-1,183	2,156	1,673

(4) Items pertaining to scope of consolidation and equity method application

No. of consolidated subsidiaries: 5 No. of non-consolidated equity method subsidiaries: - No. of equity method affiliates: -

(5) Changes to scope of consolidation and equity method application

No. of newly consolidated subsidiaries: 1 ; No. of deconsolidated subsidiaries: - ; No. of newly added equity method subsidiaries: - ;
No. of subsidiaries removed from equity method application: -

2. Projected consolidated results for fiscal 2003 (ending March 31, 2003)

	Net sales	Operating income (loss)	Recurring profit (loss)
Fiscal year ending March 31, 2003	26,500	1,100	560

Remarks: Projected net income (loss) per share (for the fiscal year): ¥18.03

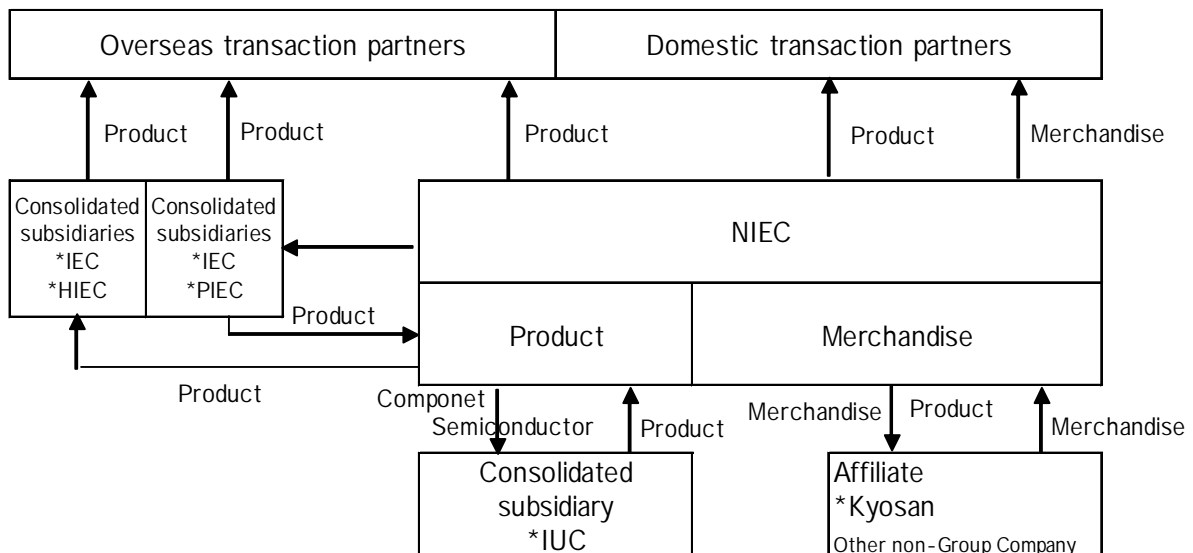
Note: This projection takes into consideration 950,000 shares in allocation of new stock to a third party that was implemented on October 31, 2002.

Group Overview

The Nihon Inter Electronics Group ("The Company") consists of the parent company, one domestic subsidiary, four overseas subsidiaries, and one affiliate and conducts its business activities with a primary focus on the manufacture and sale of power semiconductors. Products and merchandise handled by Nihon Inter and its subsidiaries and affiliate as well as their respective functions are as follows:

Segment		Principal products and merchandise	Company
Products	Semiconductor elements	Schottky barrier diodes (SBD), and fast recovery epitaxial diodes (FRED), rectifying diodes for small power applications	Nihon Inter (mfg., sales) IEC (mfg., sales) PIEC (mfg.) IES (sales) HIEC (sales)
		Rectifying diodes for medium to large power applications, thyristors, others	Nihon Inter (mfg., sales)
	Semiconductor-applied products	Power modules, stacks	Nihon Inter (mfg., sales) Inter Unit Corp. (mfg.)
Merchandise		Semiconductors, electronic components, LCD devices, power sources, others	Nihon Inter (mfg., sales) Kyosan Electric (supply)

The following is a flow chart of the Company's operations.



*IEC: International Electronics Corp., Ltd.

*PIEC: Philippine Inter Electronics Corporation

*IES: Inter Electronics Singapore Pte. Ltd.

*HIEC: Hong Kong Inter Electronics Co., Ltd.

Management Policies

(1) Basic Management Policy

Under the fundamental philosophy of fulfilling the expectations of its shareholders and all other stakeholders, Nihon Inter conducts business activities centered on the supply of power semiconductors, which enable high-efficiency power conversion and control for such high growth potential fields as electronic devices and systems.

Nihon Inter's mission is to contribute to energy conservation and environmental protection through power management, and its basic policy is to assume leadership in its industry by supplying high-value-added products.

(2) Basic Policy Regarding Profit Sharing

While maintaining its primary policy of providing stable returns to its shareholders, the Company determines profit sharing after giving due consideration to the augmentation of internal reserves in preparation for future business growth, which includes R&D outlays to keep pace with global competition. Moreover, the Company extends every effort to live up to the levels of support provided by its shareholders and fulfill their expectations.

(3) Medium-Term Management Strategy

Nihon Inter is currently implementing a three-year medium-term management plan, the concluding year of which will be the fiscal year ending March 31, 2006. To implement thorough selectivity and concentration and attain high-level profitability and a robust financial foundation capable of prevailing over the competition in the global power management market, we have engaged in structural reforms under the following policies:

- SBD/FRD market share expansion
- Increased gross profit margin
- Improved ROA

The Company has positioned the two high-frequency rectifying elements of SBDs and FREDs—which account for approximately half of all product sales and command top industry share—as its core products. We will concentrate our resources on these product areas while at the same time—with only minor exceptions—downsizing production and sales of those product segments with no future growth potential.

In its core SBD and FRED product ranges, the Company will continuously and proactively

introduce new products, thereby increasing market share and securing profit. Following our development roadmap, we will develop a diverse range of products that comply with the miniaturization, high efficiency, and low cost of our customers' parent devices in terms of features, packaging, and price. Specifically, in the domestic devices market we already supply our core products to such high-growth potential segments as plasma display panels (PDPs) and digital appliances, and we will further expand this business in the months and years ahead. In product development and sales, we have narrowed our targets down to the three categories of IT and consumer devices, industrial devices and electronic appliances, and automotive devices, and we will proactively pursue information exchanges with our customers and supply competitively priced products that meet customer application requirements.

To this end, we will continuously and aggressively pursue cost-cutting by lowering fixed costs and materials costs, reducing the number of assembly processes by implementing a greater shift to overseas production, and curtailing inventories.

Furthermore, following our establishment of a branch in Singapore in the previous fiscal year, with the further establishing a branch in Hong Kong, we will upgrade our sales force in the Southeast Asian and Chinese markets and take such measures to enhance our selling power as the adoption of e-commerce. In the months and years ahead, we will further enhance our international competitiveness by proactively expanding foundry usage, implementing direct delivery from our overseas manufacturing centers, and augmenting our overseas sales branches.

Regarding merchandise, which accounts for approximately 40% of overall sales, the Company will work to increase free cash flow through expanded sales and development of new products as well as improved working capital efficiency.

The medium-term management plan calls for the attainment of a product gross profit margin of 30% and an ROA of 10% by the plan's final fiscal year. Furthermore, we are determined to establish a firm position for our core SBDs and are striving to attain a 20% share of the global market. In fulfilling these goals, we will strive to be a highly profitable power semiconductor manufacturer and a valuable asset to the industry as well as step up efforts to strengthen overall Group management.

(4) Enhanced Corporate Governance

In consideration of the importance of corporate governance, the Company intends to clarify executive responsibility and authority by separating the functions of the Board of Directors and execution of business operations. To this end, we revised our organization into a divisional framework consisting of the six divisions of production, sales, R&D, administration, business strategy, and trading, with the respective heads of each division serving as executive directors.

Furthermore, to ensure fairness and transparency in management from our shareholders, investors, and other stakeholders' viewpoints, we are exerting every effort to augment IR activities. We are utilizing IR meetings and the Internet as forums for communication, through which we will proactively engage in information disclosure, accurately relay information concerning our current state of business and future vision, and strive to receive fair evaluation from the market.

Operational Results and Financial Conditions

1. Operational Results

Overview

During the interim term under review, although some indications of a bottoming out were seen in the Japanese economy, as a whole, conditions remained weak, owing primarily to deflationary pressure. With no signs of recovery in consumer spending and private-sector investment and uncertainty clouding government economic stimulus measures, the stock market sank even further and the yen gained strength, resulting in extremely severe conditions for the overall economy. In the electrical machinery and electronics industry in which the Nihon Inter Group operates, in contrast to the severe downturn experienced in the previous fiscal year, several indications of recovery were seen during the interim term under review. This was due to such factors as the market rally following the conclusion of major inventory adjustments that were implemented during the previous term, the boost to the visual equipment segment provided by the 2002 World Cup championships, and the automotive electronic components segment, which remained strong.

Against this backdrop, net sales for the interim term under review grew 13%, to ¥13.24 billion, with sales of Nihon Inter products increasing 12.8%, to ¥8.476 billion, and merchandise sales rising 13.2, to ¥4.728 billion. Overseas sales amounted to ¥3.12 billion, accounting for 23.5% of net sales.

Examined by major product segment, in the semiconductor device segment, the principal products of Schottky barrier diodes for high-frequency rectifying showed strong growth due to recovery in demand for notebook PCs, while recovery was seen in high-speed rectifiers due to brisk demand in the PDP market. Healthy business was also generated in small-scale rectifiers, the majority of the demand for which originates from the automotive electronic components segment. In semiconductor application systems, although some positive signs were seen from the bottoming out of power module inventory adjustments in the machine tool and general-purpose inverter sectors, weakness in private-sector capital investment caused a delay in recovery for the segment. In merchandise, sales were boosted by a substantial recovery in sales of ICs to the DVD sector and of both ICs and opto-components in the PC printer sector.

On the profit side, as a result of the increase in net sales, improvement in the gross margin rate as part of the Company's conversion to a high-profit structure—one of the objectives of the medium-term management plan—as well as the effect of the reduction in fixed costs resulting

from workforce streamlining that was implemented in the previous fiscal year, operating income increased ¥733 million. However, owing to the sharp appreciation of the yen and the resulting loss on currency exchange of approximately ¥200 million, recurring profit amounted to ¥331 million.

After taking into careful consideration the recovery in net sales and recurring profit for the interim term as well as the future outlook, the Company set the interim shareholders' dividend at ¥2.50 per share.

Outlook for the Present Fiscal Year

The environment surrounding Nihon Inter is expected to grow increasingly unpredictable. Just as recovery came within reach during the interim term under review, problems began to emerge in the U.S. economy, resulting in slowdowns both domestically and overseas, the protraction of deflationary trends in the Japanese economy, and further weakness in the stock market.

Against this severe backdrop, Nihon Inter will undertake its business endeavors based on its three-year medium-term management plan, the tenets of which are selectivity and concentration. In the market for its mainstay SBD/FRED products, the Company will strive to capture top market share, and in terms of profitability, by introducing new products and tirelessly pursuing cost reductions, it will work to achieve its gross margin rate and ROA objectives. Furthermore, to affirm our standing in the power management industry we will sharpen our focus on the three fields of IT & domestic devices, automotive electronic components, and consumer electronics and their respective parent devices and strategically carry out product development, market cultivation, and sales tactics.

In consideration of the current business environment, we have revised our forecasts for consolidated earnings. We now foresee a 15.8% increase in net sales, to ¥26.5 billion, recurring profit of ¥1.1 billion, and net income of ¥0.56 billion.

2. Financial Conditions

Cash and cash equivalents at interim term-end increased ¥531 million compared with the end of the previous fiscal year, to ¥2.24 billion. Cash flows for the term and their underlying factors are as follows.

Cash provided by operating activities worked out to ¥2.395 billion. This was due to such capital increase factors as interim term net income before income taxes and minority interest of ¥323 million, a decline in inventories of ¥238 million, and an increase in accounts payable of ¥1.511 billion, which cancelled out the capital decrease effect of the ¥565 million increase in accounts receivable.

Cash used in investing activities amounted to ¥312 million, due such factors as expenditures for the purchase of property, plant and equipment as part of the Company's capital investment activities.

Cash used in financing activities totaled ¥1.542 billion as a result of ¥2.3 billion in cash inflow from the refinancing of long-term borrowings and ¥3.915 billion in the repayment of long-term borrowings.

Interim Consolidated Financial Statements

Interim Consolidated balance sheet

(Assets)

(Millions of yen)

Item	Six-month period ended Sep. 30, 2002	Six-month period ended Sep. 30, 2001	Year ended March 31, 2002
Current assets	17,922	18,626	17,117
Cash and deposits in banks	2,264	1,230	1,732
Notes and accounts receivable	8,632	8,375	8,104
Marketable securities	-	51	-
Inventory assets	6,102	7,778	6,411
Deferred tax assets	613	1,091	723
Other	323	169	151
Allowances for doubtful accounts	-13	-70	-5
Fixed assets	9,301	9,568	9,834
Tangible fixed assets	6,544	7,247	6,920
Buildings and structures	2,714	2,820	2,807
Machinery and vehicles	2,745	2,867	2,646
Land	658	658	658
Construction in process	111	608	486
Other	315	291	322
Intangible fixed assets	59	62	66
Land lease rights	7	7	7
Software	29	32	36
Other	21	22	21
Investments and other assets	2,697	2,258	2,847
Investment securities	687	642	668
Long-term prepaid expenses	271	399	346
Deferred tax assets	1,395	902	1,514
Other	365	334	419
Allowances for doubtful accounts	-22	-20	-101
Deferred assets	52	143	93
Business commencement expenses	3	7	5
Experiment and research expenses	48	135	88
Total assets	27,276	28,338	27,045

(Liabilities, minority interest, and shareholders' equity)

(Millions of yen)

Item	Six-month period ended Sep. 30, 2002	Six-month period ended Sep. 30, 2001	Year ended March 31, 2002
Current liabilities	8,047	11,187	9,562
Trade notes and accounts payable	4,878	4,345	3,427
Short-term loans	2,513	4,695	5,614
Accrued expenses	8	9	9
Income taxes payable	267	294	234
Allowance for employee	268	481	133
Allowance for structural reform	-	1,182	-
Other	110	179	142
Fixed liabilities	11,203	9,034	9,564
Long-term loans	8,794	6,385	7,258
Allowances for retirement benefits	2,375	2,625	2,281
Other	34	24	24
Total liabilities	19,251	20,222	19,126
Minority interest	-	-	-
Shareholders' equity	-	3,904	3,904
Capital reserve	-	3,880	3,880
Consolidated surplus	-	665	394
Appraisal differences on marketable securities	-	24	45
Equity adjustment from foreign currency translation	-	-358	-305
Treasury stock	-	0	0
Total shareholders' equity	-	8,116	7,918
Shareholders' equity	3,904	-	-
Capital surplus	3,880	-	-
Revenue surplus	524	-	-
Appraisal differences on marketable securities	76	-	-
Equity adjustment from foreign currency translation	-357	-	-
Treasury stock	-2	-	-
Total shareholders' equity	8,025	-	-
Liabilities, minority interest, and shareholders' equity	27,276	28,338	27,045

Statement of consolidated income and retained earnings

(Millions of yen)

Item	Six-month period ended Sep. 30, 2002		Six-month period ended Sep. 30, 2001		Year ended March 31, 2002	
	Sum	Percentage	Sum	Percentage	Sum	Percentage
Net sales	13,204	100.0	11,687	100.0	22,876	100.0
Cost of sales	10,775	81.6	9,848	84.3	19,520	85.3
Gross profit	2,429	18.4	1,838	15.7	3,355	14.7
Selling, general and administrative expenses	1,695	12.8	1,891	16.2	3,381	14.8
Operating income (loss)	733	5.6	-52	-0.5	-26	-0.1
Non-operating income	39	0.3	46	0.4	177	0.8
Interest received	1		8		12	
Dividends received	5		4		5	
Gain on foreign currency exchange	-		-		95	
Other	32		34		64	
Non-operating expenses	442	3.4	381	3.2	411	1.8
Interest expense	81		78		165	
Write-off of fees for technologies acquisition	60		60		121	
Write off of deferred experiment and research expenses	39		52		99	
Foreign currency translation income	198		170		-	
Other	61		19		24	
Recurring income (loss)	331	2.5	-387	-3.3	-260	-1.1
Extraordinary income	3	0.0	0	0.0	1	0.0
Loss on retirement of fixed assets	3		0		1	
Extraordinary loss	11	0.1	1,809	15.5	2,444	10.7
Loss on retirement of fixed assets	5		240		244	
Valutaion loss on investment securities	5		-		62	
Structural reform expenditures	-		1,182		1,737	
Loss on disposal of inventories	-		310		311	
Director retirement bonuses	-		74		74	
Other	-		1		13	
Net income (loss) before income taxes	323	2.4	-2,196	-18.8	-2,703	-11.8
Corporate, residence, and business taxes	11	0.1	44	0.4	57	0.3
Income tax and other adjustments	181	1.3	-850	-7.3	-1,098	-4.8
Net income (loss)	129	1.0	-1,391	-11.9	-1,662	-7.3

Interim term consolidated surplus statement

(Millions of yen)

Item	Six-month period ended Sep. 30, 2002	Six-month period ended Sep. 30, 2001	Year ended March 31, 2002
Consolidated retained earnings balance at beginning of period	-	2,133	2,133
Consolidated surplus decrease	-	-	-
Dividends	-	75	75
Employee bonuses	-	1	1
Deferred capital reserve	-	0	0
Total consolidated surplus decrease	-	76	76
Net income	-	-1,391	-1,662
Consolidated surplus balance at end of period	-	665	394
(Capital Surplus)			
Consolidated capital surplus balance at beginning of period	3,880	-	-
Increase	-	-	-
Decrease	-	-	-
Balance at end of period	3,880	-	-
(Retained Earnings)			
Consolidated Revenue surplus balance at beginning of period	394	-	-
Increase	-	-	-
Net Income (Interim)	129	-	-
Decrease	-	-	-
Balance at end of period	524	-	-

Statement of consolidated cash flows

(Millions of yen)

Item	Six-month period ended Sep. 30, 2002	Six-month period ended Sep. 30, 2001	Year ended March 31, 2002
I. Cash flows from operating activities			
Loss before provision for income taxes	323	-2,196	-2,703
Depreciation and amortization	559	578	1,184
Deferred asset depreciation	103	120	233
Increase (decrease) in allowances for doubtful accounts	4	38	54
Increase in reserve for retirement benefits	104	60	-294
Interest and dividend loss	-7	-12	-17
Interest expense	81	78	165
Gain (loss) on foreign currency exchange	104	154	32
Gain (loss) on disposal of fixed assets	-3	0	1
Loss on retirement of fixed assets	5	240	244
Loss on valuation of investment securities	5	-	62
Increase in allowances for structural reform	-	1,182	-
Increase (decrease) in notes and accounts receivable	-565	2,693	2,923
Increase (decrease) in inventories	238	-359	1,085
Increase (decrease) in notes and accounts payable	1,511	-1,776	-2,744
Other	5	46	-333
Subtotal	2,470	848	-104
Receipt of interest and dividends	5	10	14
Payment of interest	-85	-80	-169
Payment of income taxes	-10	-810	-821
Receipt of tax refund	14	-	-
Net cash provide from (used in) operating activities	2,395	-31	-1,080
II. Cash flows from investing activities			
Expenditures in term deposits	0	-128	-19
Proceeds from refunds on term deposits	-	103	173
Expenditures for the acquisition of tangible fixed assets	-304	-1,112	-1,330
Proceeds from the acquisition of tangible fixed assets	6	0	13
Other	-13	0	-20
Net cash used in investing activities	-312	-1,139	-1,183
III. Cash flows from financing activities			
Net increase(decrease) in short-term bank loans	74	-3,180	-1,698
Proceeds from long-term debt	2,300	3,750	5,200
Payments on long-term debt	-3,915	-115	-1,267
Expenditures for the repurchase of company stock	-1	0	0
Dividends paid to stockholders	0	-75	-76
Net cash proved by (used in) financing activities	-1,542	378	2,156
IV. Foreign exchange differential on cash and cash equivalents	-7	-41	-47
V. Net decrease in cash and cash equivalents	531	-832	-154
VI. Cash and cash equivalents at beginning of period	1,673	1,827	1,827
VII. Cash and cash equivalents at end of period	2,204	994	1,673

Basis for Presenting Interim Consolidated Financial Statements

1. Scope of Consolidation

NIEC had five subsidiaries consisting of International Electronics Corp., Ltd., Inter Units Corporation, Philippine Inter Electronics Corporation, Inter Electronics Singapore Pte. Ltd., and Hong Kong Inter Electronics Co., Ltd.

2. Equity Method Application

N/A

3. Account Settlement Dates

The interim-term account settlement date for all consolidated subsidiaries is September 30, the same date as the settlement of the parent company's consolidated accounts.

4. Accounting Principles

(1) Standards and Methods for the Valuation of Principal Assets

Marketable securities

Items with cash value

Marked to market based on the market price at the end of the interim term (Net unrealized gains or losses are reported directly in shareholders' equity on a net-of-tax basis. Selling costs are calculated using the gross average method.)

Inventories

At cost, based on the moving average method

(2) Depreciation and Amortization Methods for Fixed Assets

Tangible fixed assets

The declining balance method is the principal method used for the parent company and its domestic, and overseas subsidiaries are straight-line method. However, as for the buildings (including fixtures) in us and our domestic are accounted for using the straight-line method. Regarding depreciable assets with small acquisition costs of over ¥100,000 and under ¥200,000, depreciation is calculated in equal portions over a three-year period.

Depreciation periods for major assets are as follows:

Buildings: 3-50 years

Machinery and vehicles: 5-15 years

Intangible fixed assets

The straight-line method is used. However, software used internally by NIEC is amortized on a straight-line basis over a five-year period, the estimated useful life of the software.

(3) Recording Standards for Allowances

Allowance for doubtful accounts

The allowances for the avoidance of bad debt losses on receivables, loans and others is primarily recorded according to the rate of previous bad debt occurrence. In the case of particularly doubtful accounts and other specific claims, the projected nonrecoverable amounts, based on an individual calculation of recoverability, are budgeted.

Allowance for employee bonuses

To allocate funds to bonuses paid to employees, the estimated sum to be paid during the given period is recorded.

Allowance for retirement benefits

To prepare employee retirement benefits, the liability was calculated as the difference between expected future retirement payments and the related assets retained to meet said payments. Actuarial differences are treated as expenses for the consolidated fiscal year in which they occur and are amortized using the straight-line method over 10 years, within the average remaining consolidated term of employment, following the year in which they arise.

(4) Methods of amortization of deferred assets

New stock issuance costs: Full amount amortized at time of expenditure

Business development costs: Annual average amortized over five years

Testing and research expenses: Annual average amortized over five years

(5) Accounting Methods for Principal Lease Transactions

Finance leases (with the exception of those whose property ownership rights have been designated for transfer to the lessee) are accounted for in the same way as ordinary operating leases.

(6) Principal Accounting Methods for Hedge Accounting

1. Hedge accounting methods

The appropriation method is used for overseas currency denominated debt with exchange contracts.

2. Hedging method and items to be hedged

Hedging method: exchange contracts

Items to be hedged: overseas currency denominated debt

3. Hedging method

The policy regarding hedging is to limit the total amount of the exchange contracts entered into to the actual amount of currency available and only apply hedging to items within the designated range of items to be hedged, so as to avoid risks associated with fluctuations in exchange rates.

4. Method of evaluation of effectiveness of hedging

Evaluation of hedge effectiveness is not considered necessary as the terms and notional amounts of hedge instruments used are the same as those of related transactions, and therefore they are assumed to be highly effective in offsetting fluctuations in exchange rates and interest rates at their inception as well as during their term and at their termination.

(7) Accounting Methods for Sales Taxes

Net-of-tax formulas are applied to sales taxes and local sales taxes.

5. Scope of Capital in Statement of Interim Consolidated Cash Flows

Capital (cash and cash equivalents) in the interim-term statements of consolidated cash flows is composed of cash on hand, payable-on-demand accounts and short-term investments with maturity dates within three months of acquisition date with high liquidity and that are easily converted to cash and carry only slight price fluctuation risks.

[Additional Information]

Accounting methods for treasury stock and amount of reversal of appropriations to legally designated reserves

Starting with the interim term under review, the Company revised its accounting practices to comply with Basic Corporate Accounting Law, Article 1, "Accounting Methods for Treasury Stock and Amount of Reversal of Appropriations to Legally Designated Reserves." This revision had no effect on income (loss.) To comply with revisions to standards for consolidated interim financial statements, the Stockholders' Equity section of the consolidated interim term balance sheets for the consolidated interim under review and the consolidated interim term Capital Surplus Fund accounting statement have been revised to reflect new accounting methods.

[Notes]

Interim Consolidated Balance Sheets

	<u>September 30, 2002</u>	<u>September 30, 2001</u>	<u>March 31, 2002</u>
1. Depreciation of tangible fixed assets (consolidated)	¥14,766 million	¥14,011 million	¥14,751 million
2. Pledged assets and mortgages (consolidated)			
Assets pledged as collateral:			
Land	¥387 million	¥387 million	¥387 million
Buildings and structures	¥407 million	¥269 million	¥438 million
Machinery and vehicles	¥85 million	¥85 million	¥90 million
Other (tools, appliances and fixtures)	¥1 million	¥0 million	¥1 million
Total	¥883 million	¥743 million	¥917 million
Mortgages			
Long-term loans	¥1,853 million	¥2,249 million	¥2,224 million
Short-term loans	¥367 million	-	¥489 million
Long-term loans repayable within one year	¥396 million	¥240 million	¥562 million
Total	¥2,617 million	¥2,490 million	¥3,276 million
3. Treasury stock	1,3087 shares	1,561 shares	6,462 shares

Statement of Interim Consolidated Income and Retained Earnings

1. Principal selling, general and administrative expenses

	<u>September 30, 2002</u>	<u>September 30, 2001</u>	<u>March 31, 2002</u>
Salaries and bonuses	¥624 million	¥763 million	¥1,570 million
Freight costs	¥125 million	¥102 million	¥206 million
Travel and transportation expenses	¥69 million	¥63 million	¥125 million
Rental expenses	¥53 million	¥54 million	¥113 million
Land and house rental expenses	¥49 million	¥50 million	¥99 million
Depreciation and amortization	¥26 million	¥19 million	¥41 million
Deferred allowance for employee bonuses	¥134 million	¥228 million	¥52 million
Deferred allowance for retirement benefits	¥76 million	¥84 million	¥175 million
Deferred allowance for doubtful accounts	¥4 million	¥38 million	¥46 million

Statement of Interim Consolidated Cash Flows

1. Balance of cash and cash equivalents and interim term-end and interim consolidated balance sheet items

Cash and deposits	¥2,264 million
Time deposits longer than three months	¥ -59 million
Cash and cash equivalents	¥2,204 million

Segment Information

1. Segment information per individual business category

The primary business of the Nihon Inter Group is the development, manufacture and sale of electronic components. These products are widely used in such applications as IT devices, automobile electronic components, office equipment and machinery.

However, because of the similarity and overlap among products used in each market that result from the wide-ranging nature of the markets in which Nihon Inter operates, it does not manage its businesses as separate independent segments. In terms of products categories, properties, and manufacturing methods as well, it is the opinion of Nihon Inter that the state of its operations is most appropriately represented by consideration as a single business segment. Hence, segment information according to individual business category has been omitted.

2. Geographical segment data

Six-month period ended September 30, 2002 (consolidated)

Millions of yen

	Japan	Southeast Asia	Subtotal	Elimination & corporate assets	Total
. Net sales and operating income (loss)					
(1) Customer sales	11,559	1,644	13,204	-	13,204
(2) Intersegment sales	1,627	2,181	3,808	-3,808	-
Total sales	13,186	3,826	17,012	-3,808	13,204
Operating costs and expenses	12,087	3,781	15,869	-3,398	12,471
Operating income (loss)	1,099	44	1,143	409	733

Note: 1. Country and regional segments are determined according to geographic proximity.

2. Primary country and region segments outside of Japan:

Southeast Asia: Taiwan, the Philippines, Singapore, China

3. Nonabsorbable operating costs and expenses included in elimination & corporate assets consist primarily of ¥413 million in parent company head office expenses.

Six-month period ended September 30, 2001 (consolidated)

Millions of yen

	Japan	Southeast Asia	Subtotal	Elimination & corporate assets	Total
I. Net sales and operating income					
(1) Customer sales	11,141	546	11,687	-	11,687
(2) Intersegment sales	822	1,551	2,373	-2,373	-
Total sales	11,963	2,097	14,060	-2,373	11,687
Operating costs and expenses	11,678	2,140	13,819	-2,078	11,740
Operating income	285	-43	241	-294	-52

Note: 1. Country and regional segments are determined according to geographic proximity.

2. Primary country and region segments outside of Japan:

Southeast Asia: Taiwan, the Philippines, Singapore

3. Nonabsorbable operating costs and expenses included in elimination & corporate assets consist primarily of ¥484 million parent company head office expenses.

Year ended March 31, 2002 (consolidated)

Millions of yen

	Japan	Southeast Asia	Subtotal	Elimination & corporate assets	Total
I. Net sales and operating income					
(1) Customer sales	21,482	1,393	22,876	-	22,876
(2) Intersegment sales	1,721	3,436	5,158	-5,158	-
Total sales	23,204	4,830	28,034	-5,158	22,876
Operating costs and expenses	22,448	4,870	27,318	-4,415	22,902
Operating income	755	-39	716	-742	-26

Note: 1. Country and regional segments are determined according to geographic proximity.

2. Primary country and region segments outside of Japan:

Southeast Asia: Taiwan, the Philippines, Singapore

3. Nonabsorbable operating costs and expenses included in elimination & corporate assets consist primarily of ¥844 million parent company head office expenses.

3. Overseas net sales

Six-month period ended September 30, 2002 (consolidated)

Millions of yen

	Southeast Asia	North America	Europe	Total
I. Overseas net sales	2,978	79	44	3,102
II. Consolidated net sales				13,204
III. Percentage of consolidated net sales accounted for by overseas net sales	22.6%	0.6%	0.3%	23.5%

Notes 1. Country and regional segments are determined according to geographic proximity.

2. Primary country and region segments outside of Japan:

Southeast Asia: Taiwan, South Korea, Singapore, China

North America: United States, Canada

Europe: Sweden, United Kingdom, France

3. Overseas net sales consist of net sales of NIEC and its consolidated subsidiaries generated in countries or regions other than Japan.

Six-month period ended September 30, 2001 (consolidated)

Millions of yen

	S.E. Asia	North America	Europe	Total
I. Overseas net sales	1,841	58	108	2,006
II. Consolidated net sales				11,687
III. Percentage of consolidated net sales accounted for by overseas net sales	15.8%	0.5%	0.9%	17.2%

Notes 1. Country and regional segments are determined according to geographic proximity.

2. Primary country and region segments outside of Japan:

Southeast Asia: Taiwan, South Korea, Singapore

North America: United States, Canada

Europe: Sweden, United Kingdom, France

3. Overseas net sales consist of net sales of NIEC and its consolidated subsidiaries generated in countries or regions other than Japan.

Year ended March 31, 2002 (consolidated)

Millions of yen

	S.E. Asia	North America	Europe	Total
I. Overseas net sales	3,891	215	190	4,297
II. Consolidated net sales				22,876
III. Percentage of consolidated net sales accounted for by overseas net sales	17.0%	1.0%	0.8%	18.8%

Notes 1. Country and regional segments are determined according to geographic proximity.

2. Primary country and region segments outside of Japan:

Southeast Asia: Taiwan, South Korea, Singapore

North America: United States, Canada

Europe: Sweden, United Kingdom, France

3. Overseas net sales consist of net sales of NIEC and its consolidated subsidiaries generated in countries or regions other than Japan.

Lease Transactions

1. Value of leased property acquisition prices; depreciation, total, and interim term-end balance

	Millions of yen		
	<u>Six-month period ended</u>	<u>Six-month period ended</u>	<u>Year ended</u>
	<u>September 30, 2002</u>	<u>September 30, 2002</u>	<u>March 31, 2002</u>
Leased property			
acquisition prices	547	3,284	3,389
Depreciation, total	291	2,939	3,115
Term-end balance	255	345	273

2. Value of unearned lease fees balance at the end of term

	Millions of yen		
	<u>Six-month period ended</u>	<u>Six-month period ended</u>	<u>Year ended</u>
	<u>September 30, 2002</u>	<u>September 30, 2002</u>	<u>March 31, 2002</u>
One year or less	80	246	82
More than one year	179	141	195
Total	260	387	277

3. Value of Payable Lease Fees; Depreciation, Total, and Interest Payment

	Millions of yen		
	<u>Six-month period ended</u>	<u>Six-month period ended</u>	<u>Year ended</u>
	<u>September 30, 2002</u>	<u>September 30, 2002</u>	<u>March 31, 2002</u>
Payable Lease Fees	48	250	463
Depreciation, Total	45	198	366
Interest Payment	3	11	16

Securities

1. Other securities with market value

Six-month period ended September 30, 2002 (consolidated)

(Millions of yen)

Category	Acquisition cost	Balance sheet amount	Gain (loss)
1. Equity securities	537	665	127
2. Bonds and debentures			
National and local government bonds	-	-	-
Corporate bonds and debentures	-	-	-
Other bonds and debentures	52	50	-2
3. Other securities	-	-	-
Subtotal	590	716	125

Six-month period ended September 30, 2001 (consolidated)

(Millions of yen)

Category	Acquisition cost	Balance sheet amount	Gain (loss)
1. Equity securities	598	642	43
2. Bonds and debentures			
National and local government bonds	-	-	-
Corporate bonds and debentures	-	-	-
Other bonds and debentures	52	51	-1
3. Other securities	-	-	-
Subtotal	651	694	42

Year ended March 31, 2002 (consolidated)

(Millions of yen)

Category	Acquisition cost	Balance sheet amount	Gain (loss)
1. Equity securities	599	614	15
2. Bonds and debentures			
National and local government bonds	-	-	-
Corporate bonds and debentures	-	-	-
Other bonds and debentures	52	54	1
3. Other securities	-	-	-
Subtotal	651	668	16

2. Principal marketable securities that were not given mark-to-market valuation

N/A Not Applicable

3. Other marketable securities with maturity dates

N/A Not Applicable

Derivative transactions, market value, and valuation gains (losses)

Six-month period ended September 30, 2002

No corresponding items other than exchange rate contracts to which hedge accounting has been applied

Six-month period ended September 30, 2001

No corresponding items since derivative transactions were not used during the term.

Year ended March 31, 2002

No corresponding items since derivative transactions were not used during the year.

Status of Purchase Orders and Sales

1. Net sales by product category

(Millions of yen)

Segment	Six-year ended September 30, 2002	Percentage (%)	Six-year ended September 30, 2001	Percentage (%)	Year ended March 31, 2002	Percentage (%)
Semiconductor elements	6,728	51.0	5,554	47.5	11,293	49.4
Applied semiconductor products	1,747	13.2	1,957	16.8	3,403	14.9
Subtotal	8,476	64.2	7,511	64.3	14,697	64.3
Merchandise	4,728	35.8	4,175	35.7	8,179	35.7
Total	13,204	100.0	11,687	100.0	22,876	100.0

2. Net purchase orders and purchase order balance

(Millions of yen)

Segment	Six-year ended September 30, 2002		Six-year ended September 30, 2001		Year ended March 31, 2002	
	Net purchase orders	Purchase order balance	Net purchase orders	Purchase order balance	Net purchase orders	Purchase order balance
Semiconductor elements	6,726	568	5,538	633	11,216	571
Applied semiconductor products	1,794	369	1,749	382	3,136	323
Subtotal	8,520	938	7,288	1,015	14,352	894
Merchandise	4,835	451	4,043	296	8,094	344
Total	13,355	1,389	11,331	1,311	22,447	1,239